

PROVISIONS IN PROPOSAL AFFECTING RETAIL FIELD SALES SUMMARY - JULY 1997

General

- All sales of tobacco products through vending machines are banned.
- All outdoor tobacco product advertising including advertising directed outside from a retail outlet is banned.
- Use of human images and cartoon characters on all tobacco advertising and on tobacco product packages is banned.

Age Restricted Outlets

Other than as listed in General above, no specific provisions beyond those in FDA Rule (e.g. FDA Rule allows for self-service merchandising and requires that point-of-sale be attached to a fixture).

Non-Age Restricted Outlets

- Advertising**
- Each manufacturer is limited to two (2) Point-of-Sale pieces at each location where cigarettes are sold.
 - Manufacturers with 25% Share of Market can have one additional POS advertisement.
 - Retailer can have an one sign for its own house or private label brand.
 - A manufacturer's Point-of-Sale advertisement cannot exceed 576 square inches either individually or in the aggregate.
 - Point-of-Sale must be black letters on white background.
 - Point-of-Sale cannot be located within two (2) feet of any fixture on which candy is displayed.
 - Display fixtures can have signs consisting of brand name and price not larger than two (2) inches in height.
 - No manufacturer can enter into an arrangement with a retailer which limits a retailer's ability to display other manufacturer's advertising and promotional materials permitted by law to be displayed.

- Access Restrictions:**
- Tobacco products must be placed out of reach of consumers (i.e., behind the counter or under lock and key) or, if on the counter, not visible or accessible to consumers.

Implementation Timing

- The agreement sets forth the following timelines for implementation after Presidential/Congressional approval:
 - Display Compliance (NSS) - 9 months
 - Retail Signage Compliance - 5 months
 - Vending Machine Elimination - 12 months

Other Issues

There are a number of issues that still need to be addressed including the "store-in-a-store" concept.

51857 9674